



Ranking Republican, Senate Agriculture and Rural Economic Development Committee

Jan. 27, 2010

Dear Neighbors,

This is my first report to you for 2010 and the legislative session that kicked off two weeks ago. The sessions are either 60 days (in even-numbered years) or 105 days (odd-numbered years) under our state constitution, so this is the “short” session. Tuesday was day 15, meaning we already are one-fourth of the way through!

The deadlines come up quickly in a short session – the Senate policy committees have only until next Monday to send Senate bills forward. The Senate Agriculture and Rural Economic Development Committee (on which I’m Republican leader) has met six times already to conduct public hearings on legislation; we meet again Thursday, and the focus will be more on voting on bills that were the subject of those hearings.

The state’s budget situation and agriculture

In just a few years our state government went from a \$2 billion-plus surplus to a \$2.6 billion deficit – and that shortfall is likely to grow while we are still in session (the next state revenue forecast is due in mid-February).

The majority party has made no bones about its intent to rebalance the state budget using “new revenue,” which means one of two things: more money from tax increases, or another infusion of federal bailout dollars like we saw in 2009.

Our side of the aisle believes the answer is not higher taxes but policy changes that create jobs and the adoption of reforms that would bring the cost of state government down to an affordable level.

I would be surprised if my colleagues on the other side of the aisle, in their search for new revenue, revived the measure ([Senate Bill 5911](#)) that would end the business and occupation tax exemption for ag and impose a tax on farm auctions. Then again, I’m surprised that our governor keeps talking about tax increases that do not “harm the economic recovery of our families or our businesses” as though there is some sort of benign tax out there just waiting to be collected.

There has been plenty of talk about ending some of the tax exemptions that get tagged, unfairly, as “loopholes” even though they were adopted in plain sight. In fact, the Senate majority’s top three budget writers are sponsoring a bill ([Senate Bill 6714](#), introduced Tuesday) that refers to “exploiting loopholes” and “abusive tax avoidance transactions.”

Given that attitude, I’m not optimistic about the survival of the sales and use tax exemption for field burning equipment, in place since 2005. Sure, it has saved millions for those who qualify, and from where I stand, ending the exemption is the same as a tax increase. But I suspect that will happen before the 2010 session is through.

Is there any relief in sight?

One of my colleagues on the Senate ag committee likes to point out that agriculture is unlike our state’s other major employers in that farmers and growers and ranchers are tied to the land. They can’t get away from job-killing government policies and regulations by picking up their operations and moving them to another state.

A comparison of the Republican package of pro-job bills, publicized last week, to the Democrat jobs strategy, announced Tuesday, shows distinctly different approaches to the policies that concern employers most.

We have proposed legislation that goes directly after the cost of doing business in Washington, through changes to the workers’ compensation and unemployment insurance systems that would benefit all employers, including the entire agricultural community. We also would temporarily exempt start-up businesses from the smothering business and occupation tax.

The majority party’s approach goes heavy on worker retraining and infrastructure projects, contains a selective business and occupation tax credit and ignores the original “green jobs” – agriculture – in favor of the new “green jobs” related to energy conservation. More significantly, it does nothing about costs for workers’ comp (which are going up again) or unemployment insurance.

Ironically, the only Democrat bill I can think of this session to be mentioned as a job creator for agriculture is House Bill 2401, which would legalize marijuana. The Seattle legislator who introduced the measure described it this way (emphasis mine)

*“Here’s how the bill works: we legalize marijuana for people age 21 and over, we tax the heck out of it – we put a 15 percent tax on the grams – we sell it through the liquor stores, we **certify our farmers to grow it**. So we’re creating jobs here, we’re **creating jobs in agriculture** and at the state liquor stores.”*

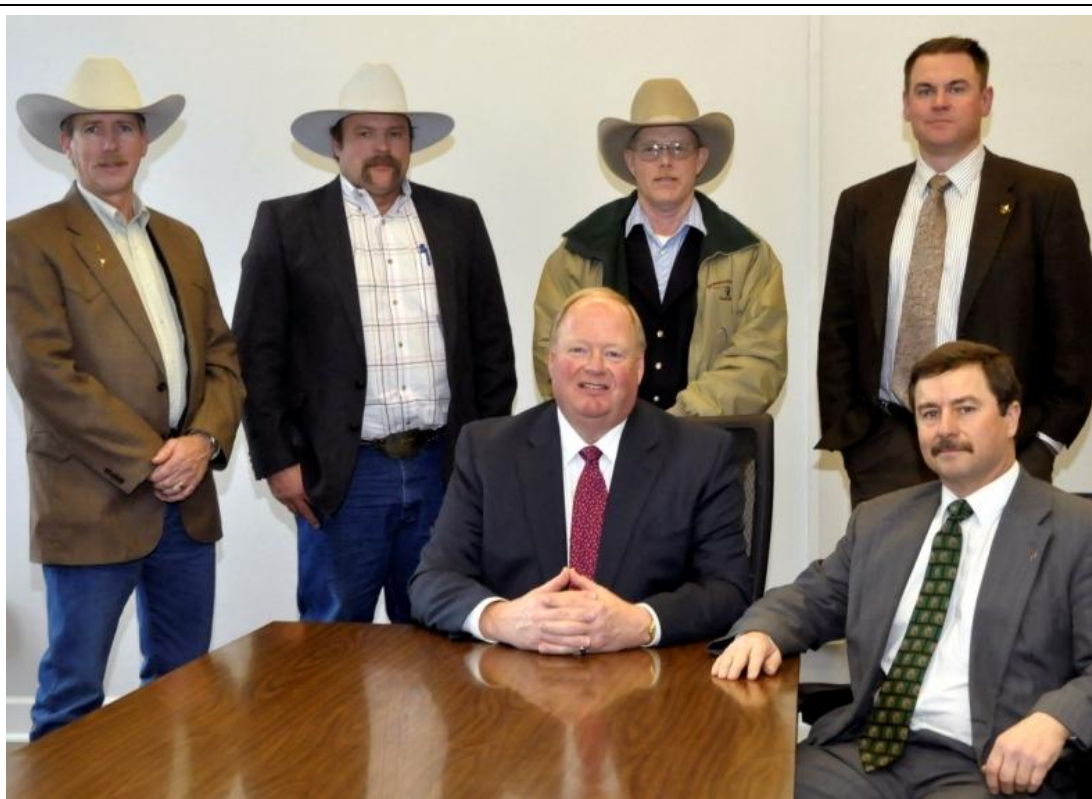
Whether that's true doesn't matter, as the bill was voted down at the committee level.

In summary, then, *agriculture likely will experience a net loss from the 2010 legislative session*: no relief from rising workers' comp and unemployment insurance taxes, the end of at least one tax exemption and underwhelming changes concerning a B&O tax not paid by farmers in the first place.

Stock watering bill is one to watch

The ag-related legislation that is probably of the most interest to me this session is over in the other legislative chamber (and with any luck it will stall there). It's [House Bill 2599](#), scheduled for a public hearing at 1:30 p.m. Friday before the House Agriculture and Natural Resources Committee.

Known as the "McCoy bill" after its prime sponsor, HB 2599 would require metering and impose a 5,000-gallon daily limit on withdrawals of water from exempt wells for stock watering purposes. Those would be firsts for our state – in the wrong direction.



It's always a pleasure to meet with the cattlemen of our state, many of whom came to Olympia this past week. That's my House "seatmate," Rep. Joe Schmick of Colfax, also seated. Leading this particular delegation was WCA president Dick Coon Jr., far left.

Ag-related legislation roundup

Here are significant bills that have been heard by the Senate ag committee so far this session and, in a few cases, adopted:

Substitute Senate Bill 6521 – retaining productive farmland

- We know about environmental impact statements; this would require the State Conservation Commission to develop a form and process for an *agricultural* impact statement that is completed by state agencies before they acquire an interest in property that includes agricultural land. *Bill passed by ARED committee Jan. 26.*

Substitute Senate Bill 6556 – agricultural burning fees

- This would lift the cap on field burning fees – the cap, not the fee -- to \$3.75 per acre, up from \$2.50 per acre and create a “per-ton” fee of no more than \$1 per ton of material burned. The Department of Ecology argues the increase is needed because the state’s general fund subsidizes 60 percent of the program. *Bill passed by ARED committee Jan. 26.*

Senate Bill 6229 – dairy inspection program

- Requested by the Department of Agriculture, this bill would extend through mid-2015 the fee assessed on Washington-processed milk to support the state dairy inspection program. It retains the maximum assessment level of fifty-four one-hundredths of one cent. *Bill passed by ARED committee Jan. 18.*

Senate Bill 6228 – organic products

- A housekeeping bill that would restore authority related to the fee-supported organic program run by the Department of Agriculture. In 2009 the agency certified 1,189 producers, processors and handlers – representing 112,000 acres and \$689 million in sales – to the USDA National Organic Standard.

Senate Bill 6335 – farmers markets on church property

- This would allow a property tax exemption for the loaning or renting of church property for farmers markets provided the rental income is reasonable and devoted to operate and maintain the property.

Senate Bill 6210 – preserving/conserving agricultural resource lands

- Under this legislation the Department of Ecology would have until 2012 to change State Environmental Policy Act (SEPA) rules to enable identification of probable impacts of development to agricultural resources. Right now SEPA is focused only on how development affects the environment.

Senate Bill 6343 – creating food policy council

- This would establish the Washington Food Policy Council to advance a half-dozen goals such as increasing production, sales, and consumption

of Washington-grown foods; protecting land and water resources needed for sustained food production; review and develop programs that support proper nutrition and avoid burdens of obesity and chronic diet-related diseases; and reducing food insecurity and hunger in the state.

Senate Bill 6341 – emergency food assistance

- Would transfer the Emergency Food Assistance Program to the Department of Agriculture, from the Department of Commerce, by 2011.

Senate Bill 6559 – anaerobic digesters

- The protection of the Washington Right to Farm Act (protecting certain agricultural activity from nuisance lawsuits) is expanded to include operation of anaerobic digesters (which manure from livestock into biogas and dried manure).

Senate Bill 6520 – critical areas ordinances/Growth Management Act

- In 2007 the Legislature placed a moratorium on the ability of cities and counties to amend or adopt critical area ordinances affecting agricultural lands. During the moratorium, set to end this July, the William D. Ruckelshaus Center was to work with stakeholders (the agricultural and environmental communities, and tribes). That happened, and continues, but the center missed its September 2009 deadline to produce a report and recommendations for the Legislature to consider.

SB 6520 would extend the Ruckelshaus Center's deadline by a year, to this September. According to testimony there have been successes in the Walla Walla and Nisqually (Olympia) areas; at the same time the tribes have walked away from the negotiating table.

Senate Bill 6299 – livestock inspection

- I introduced this bill to generally clarify and expand the Department of Agriculture's authority for inspecting livestock; it also would require cattle lacking the proper papers to move through the slaughter cycle more quickly; and end the self-inspection of 25 head or less of cattle.

Agriculture quote of the session, so far

This one came during Monday's discussion about SB 6520 and concerns about the relationship between farming, development and salmon populations.

"It's (salmon) the only endangered species you can buy in the grocery store."

-- Sen. Mary Margaret Haugen, D-Camano Island
Member of the Senate ag committee

On the calendar:

January-February

Sun.-Tues., Jan. 31-Feb. 2 – Olympia Days, Washington Grain Alliance

Tues./Thurs., Feb. 2-4 – Spokane Ag Expo & Pacific Northwest Farm Forum,
Spokane Convention Center Group Health Hall (information: 509/321-3633
or www.agshow.org)

Tues., Feb. 2 – 8th Annual Tree Fruit Day, Washington State Horticultural
Association (information: Lynette 509/665-9641 or lynette@wahort.org)

Wed., Feb. 3 – AgForestry Leadership Reception, Governor Hotel, Olympia
(information: Melisa, 509/926-9113 or melisa@agforestry.org; RSVP by Feb. 1)

Fri., Feb. 5 – Washington Swine Information Day, Moses Lake (Pill Rock
Restaurant/Moses Lake Golf & Country Club; for information visit
www.animalag.wsu.edu or contact WSU Extension Office-Grant/Adams, Sarah M.
Smith, 509/754-2011, Ext. 413 or smithsm@wsu.edu)

Tues./Thurs., Feb. 9-11 – Legislative Days, Washington Farm Bureau (contact:
Daniel Turner, 800/331-3276 ext. 108)

Wed., Feb. 10 – Potato Day, Washington Potato Commission, Legislative
Building

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